

# Fiscal Note

State of Alaska  
2023 Legislative Session

Bill Version:	CSHB 50(RES)
Fiscal Note Number:	7
(H) Publish Date:	3/13/2023

Identifier: CSHB050(RES)-DNR-DOG-3-2-23  
Title: CARBON STORAGE  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: (H)RES

Department: Department of Natural Resources  
Appropriation: Oil & Gas  
Allocation: Oil & Gas  
OMB Component Number: 439

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2024 Appropriation Requested	Included in Governor's FY2024 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None	***	***	***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**Estimated SUPPLEMENTAL (FY2023) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2024) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** yes  
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 6/31/2024

## Why this fiscal note differs from previous version/comments:

Committee substitute. The Division intends to utilize existing resources to stand up the program and does not request additional expenditure authority

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Agency: Department of Natural Resources

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Date: 02/27/2023 07:30 AM  
Date: 03/03/23

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2023 LEGISLATIVE SESSION

## Analysis

**Purpose of Legislation**

The purpose of this legislation is to establish a comprehensive regulatory structure for Carbon Capture, Utilization, and Storage ("CCUS") projects within the State of Alaska. The bill allows DNR to lease State lands for carbon storage projects, establishes a CCUS regulatory regime within the Alaska Oil & Gas Conservation Commission ("AOGCC"), allows AOGCC to pursue primacy for UIC Class VI carbon dioxide injection wells, and expands existing regulatory authority over oil & gas pipelines to carbon dioxide pipelines.

**New Positions**

The work necessary to standup the Carbon Capture, Utilization, and Storage Program within the Division of Oil & Gas will be managed with existing staff resources.

**Travel & Services**

No travel or services are requested for this bill.

**Capital Costs**

No capital costs are requested for this bill.

**New Fund - Carbon Storage Closure Trust Fund**

The legislation creates a new "Carbon Storage Closure Trust Fund." The fund will be funded through payments from Carbon Storage Facility operators based on the volume of injected carbon. The payment amounts will be set by the Alaska Oil & Gas Conservation Commission at the time that a permit is issued for the facility. The fund is intended to be used for long-term monitoring and maintenance related to injected underground carbon after a carbon storage facility has ceased operation and the operator has dismantled infrastructure and remediated the facility site except for the underground carbon.

**Regulations**

This legislation is likely to result in DNR issuing new regulations concerning the evaluation of applications for carbon storage licenses and leases and for establishing a competitive bidding process for competing license applications. DNR anticipates that regulations should be promulgated within 12 months of final passage. DNR is likely to coordinate regulatory proposals with other agencies involved in CCUS oversight activities to ensure harmonization of regulatory programs given the complexity of the subject matter.